

Refund Interception Guide for Counties and Municipalities



Table of Contents

	Page
I. GENERAL INFORMATION	1
A. Qualified Debts	1
B. Common Questions And Concerns	1
II. PROCESSING INSTRUCTIONS	2
A. Applications	2
B. Certifying Debts.....	3
C. Verification.....	3
D. Adjusting Debt Balances.....	3
E. Payments	3
F. Overpayments	4
G. Reversals	4
H. Record Keeping	4
I. Debtor Inquiries	4
J. County/Municipality Responsibilities	4
K. Electronic Requirements.....	5
L. Data Processing Schedule	5
M. Data Retention	5
N. Appeal Rights.....	5
O. Debtor Notification	6
III. AGENCY AGREEMENT.....	7
IV. AGENCY INFORMATION	9

I. GENERAL INFORMATION

Section 71.935, Wis. Stats., permits the Wisconsin Department of Revenue (DOR) to intercept, or set off, taxpayer refunds and other refundable credits against certain county or municipality debts. This guide provides general information about the refund interception program and contains specific procedures necessary to establish and maintain accounts for debtors.

All debts certified must be identified by the debtor's name and social security number, federal identification number or operator's license number, and must have a balance of at least \$20.00. Refund interceptions for county or municipality debts will occur only after all amounts due DOR and other state agencies have been satisfied.

Debts are established and maintained through file maintenance transferred electronically between DOR and the county or municipality. Debtor information is edited and compared to the DOR income tax history file and the county or municipality is notified whether the debt has been accepted for certification. When a refund successfully matches a certified debt, the county or municipality will be notified and requested to verify the debt balance.

Counties or municipalities are notified weekly of amounts set off to debts. A check is sent weekly to the county or municipality for the full amount intercepted for that period. After each calendar quarter, DOR sends a settlement report to each agency that summarizes the financial activity for their account for that quarter.

A. Qualified Debts

To be eligible for this program, debts must be at least \$20.00 and fall into one of the following categories:

- An unpaid fine, fee, restitution, or forfeiture.
- An unpaid parking ticket for which there was no court appearance by the date specified in the citation or, if no court date was specified, that is unpaid for at least 28 days.

- Any debt that has been reduced to a judgment.
- Any debt for which the county or municipality has provided the debtor reasonable notice and an opportunity to be heard, including debt related to property taxes.

If you have questions about whether your debts qualify for this program, please consult your legal counsel.

B. Common Questions And Concerns

1. Will the Wisconsin Department of Revenue (DOR) provide ID numbers for debtors?

DOR uses both the name and social security number, federal identification number or operator's license number provided by the county or municipality for the debtor to assure a proper match when a tax refund becomes available for intercept. To avoid incorrectly intercepting a refund belonging to a non-debtor taxpayer, the match is required on both the name and ID number. To insure the integrity of this identification process, DOR requires that the county or municipality provide the ID to establish a debt.

2. What kinds of debts are covered?

Section 71.935, Wis. Stats., defines eligible debts as fines, fees, restitutions, forfeitures, certain parking tickets, any debt that has been reduced to a judgment, and debts for which the debtor has been provided reasonable notice and the opportunity to be heard, including debts related to property taxes. Counties and municipalities are responsible for determining if a debt qualifies under this statute. Only qualified debts may be certified to DOR for tax intercept and the county or municipality is responsible for any appeal or legal action contesting the interception.

3. What appeal provisions apply and how are disputed claims handled?

The certifying county or municipality must notify the debtor, in writing, within five days of its certification of the debt to DOR. This notifica-

tion shall include the basis of the certification and the debtor's right to appeal, if any. Appeal rights are to be established by the county or municipality.

4. What should be done in the case of bankruptcy?

Once a debtor has filed for protection under the bankruptcy code, the county or municipality's right to a refund interception may be limited. Please contact your legal advisor if this situation arises and inactivate your debts if necessary. The county or municipality is responsible for refunding any monies during a bankruptcy stay.

5. What is the priority of debts?

Tax refund intercepts are applied to debts in the following order:

- Debts owed to DOR.
- Debts certified by other state agencies under sec. 71.93, Wis. Stats., in the order certified. These include child support debts certified by the Department of Workforce Development.
- Debts certified by counties and municipalities under sec. 71.935, Wis. Stats., in the order certified.
- Debts owed to the federal government under sec. 73.03(52), Wis. Stats., in the order certified.

6. When is the administrative fee charged?

The taxpayer is charged a fee, currently \$5.00, for each amount that is intercepted from their refund, at the time the interception(s) occur. For instance, if a refund is applied to three separate debts, the taxpayer is charged a total of \$15.00 (\$5.00 per debt) in administrative fees.

7. What about changes in a balance or overpayment?

The participating county or municipality uses file maintenance to reduce debt balances to reflect payments received outside this program. In

addition, when a refund or refundable credit becomes a candidate for interception, DOR will notify the county or municipality to enable them to update or verify a balance. DOR automatically reduces the debt balance by the amount collected when a refund interception occurs.

If an overpayment occurs, it is the responsibility of the county or municipality to issue any refund, including the administrative fee, to the taxpayer.

8. How is the taxpayer notified that their refund was intercepted?

DOR mails a setoff notice to the taxpayer in lieu of their refund check, or in addition to any amounts that are left after setoff. This notice includes the name and contact information for each agency that received monies from the refund, and is mailed the same day that DOR mails the agency their weekly remittance.

II. PROCESSING INSTRUCTIONS

A. Applications

Counties or municipalities intending to participate in DOR's refund interception program must sign and return a "Wisconsin Department of Revenue County and Municipal Agreement for Tax Refund Interception." The department also requires a contact name for operational issues and questions, and a contact name for debtor inquiries. Unless the same person performs these duties, a name and a phone number must be provided for each type of contact. An agreement may be found on pages 7-10 of this guide. DOR acknowledges receipt of the agreement and assigns the county or municipality a unique identification number to use when transmitting data to the department.

At least one county or municipality representative must also obtain a Web Access Management System (WAMS) user ID and password to access the Tax Refund Intercept Process (TRIP) system. Registration information for these IDs can be found at www.dor.state.wi.us/ise/trip.index.html. Once a WAMS user ID is obtained, the user must

request authorization to access the agency account.

B. Certifying Debts

The county or municipality must be able to provide debtor information, including social security number, federal identification number or operator's license number using a personal computer with Internet access through TRIP. For record layouts and file maintenance specifications, see the TRIP User Guide.

Debtor information that is submitted for certification is edited and compared to DOR's income history file. Only debts that pass the department's edit process are added to the debtor database. DOR notifies the county or municipality if a debt was accepted or rejected. Accepted debts are assigned a debt number that must be referenced when transmitting future file maintenance for a debt. Error messages are sent that identify the nature of the error for rejected debts. Most often, debts are rejected because the ID number and name that is submitted does not match the ID and name in DOR's income history or debtor database.

Not later than five days after certification, the county or municipality must notify the debtor in writing that their debt was certified to DOR for refund interception and inform the debtor of their right to appeal (see Debtor Notification on page 6). A contact person for the county or municipality should be clearly identified and readily available to handle debtor inquiries.

Note: County Clerk of Circuit Court offices have the option of exchanging refund interception information with DOR through the Consolidated Court Automation Program's (CCAP) case management system. Please contact CCAP for more information on this process.

C. Verification

Before they are issued, all DOR refunds are first compared to DOR's file of delinquent tax liabilities. Refunds for which no tax liability exists, or where the refund exceeds any tax liability, are matched against the debtor database for other certified debts. For each successful match, the system

places the refund in hold status. Once a week the name, address, ID number and current balance of debtors scheduled for refund setoff are transmitted to the appropriate agencies. The county or municipality is requested to verify that the balance is correct. If the balance is correct, no action is necessary. If the balance is not correct, file maintenance must be submitted to adjust it.

The county or municipality has five working days to provide DOR with any correcting file maintenance. Debt balance verification is an important part of the refund interception process and prevents the posting of incorrect amounts to debtors' accounts.

Please note: A verification record is issued for each debt owed by the debtor with no regard to the relationship between the amount of the refund and the balances of the debts. The receipt of a verification record is not a guarantee that there are sufficient funds to apply to all debts. If a taxpayer files more than one return at the same time, each return that results in a refund will generate a verification record for each debt owed by the debtor.

D. Adjusting Debt Balances

Adjustments to debt balances can be handled either through routine file maintenance at the time the county or municipality makes an adjustment to their records, or in response to balance verification records. Debt balances can be lowered at any time. However, debt balances can only be increased on the most recently established debt. File maintenance records will contain an error message indicating the balance cannot be raised if file maintenance is submitted to increase the balance of a debt when there is an intervening debt. In these cases it is necessary for the county or municipality to establish a new debt for the debtor. This new debt should be for the amount of the additional liability, but must be at least \$20.00. The original debt will remain on file and be collected in the order in which it was established.

E. Payments

When the verification process is completed, all held refunds with successful matches are posted to the appropriate debts. Refund interceptions for county or municipality debts occur only after all amounts

due DOR and other state agencies are satisfied. County or municipality debts are satisfied in the order they are certified to DOR.

The amounts posted to debts, along with identifying information, are transmitted to the counties or municipalities once a week. The fact that you received a verification record for a debtor but did not receive a posting record indicates there were not sufficient funds to pay all debts certified against that debtor.

Debtors are notified of the refund intercept by DOR. The county or municipality contact person and phone number for debtor inquiries are listed on the debtor's notice. Any amounts left after setoff are included with this notice.

DOR remits a check weekly to each county or municipality for the full amount intercepted since the last remittance. One check is issued for all funds collected for debts certified by a particular county or municipality.

F. Overpayments

Verification of the debt balance is requested from the certifying county or municipality before a refund is posted to a debt. The balance can be corrected at that time to reflect recent payments or adjustments. Timely handling of the verification process is critical to avoid overpayment of a debt.

In the event that a refund intercept by DOR does result in an overpayment, it is the responsibility of the county or municipality to refund any monies due to the debtor, including the administrative fee.

G. Reversals

Occasionally a refund that has been intercepted is determined to have been issued in error, or is otherwise adjusted. In these instances, DOR will reverse the credit posted in error and notify the county or municipality immediately and on the next quarterly report. In instances where the entire setoff amount is reversed, DOR will be responsible for refunding the administrative fee to the taxpayer.

H. Record Keeping

To ensure that TRIP retains optimum performance, old information is regularly deleted from view. For this reason, it is the responsibility of the county or municipality to keep accurate records independently of what is posted on TRIP. Debt balances should be verified, and corrected if necessary, before refunds are posted. Posting records should be retained to match with the payments issued weekly.

I. Debtor Inquiries

The county or municipality must provide a contact person and telephone number to handle debtor inquiries. Debtors are given the name and phone number of the contact person when they are notified by DOR that their refund was intercepted. The contact person is responsible for insuring that correspondence and telephone inquiries from debtors are handled in a timely manner.

J. County/Municipality Responsibilities

County or municipality representatives are responsible for the following:

- Check TRIP at least once a week. New files are posted every Friday and Monday night.
- Receive posting records and payments of intercepted refunds.
- Manage debtor balance and identity information provided to DOR.
- Apply intercepted refunds to debtor's account.
- Respond to debtor inquiries regarding debt accounts.
- Refund any overpayment of debtor's account to debtor.
- Balance quarterly settlement report.
- Maintain confidentiality of all information obtained from or furnished by DOR.

K. Electronic Requirements

The data necessary to certify and maintain debts is transmitted between DOR and the counties or municipalities primarily via the Tax Refund Intercept Process (TRIP). TRIP is an Internet-based application that is available seven days a week, 24 hours per day. TRIP is managed by DOR's Refund Interception Coordinator, who is responsible for authorizing new users and accounts, monitoring system upgrades, trouble-shooting problems, and handling correspondence. Each county or municipality is required to have an Internet browser that supports HTML 4.0 or higher (HTML 6.2 or higher if using Netscape Navigator), supports Secure Sockets Layer (SSL) 128 bit encryption, and has JavaScript enabled. Once your application is accepted and you are assigned a unique county or municipality identification number and a WAMS logon ID and password, you are authorized to begin uploading and downloading files via TRIP.

L. Data Processing Schedule

Data that is uploaded to DOR is stored throughout the week until 5:00 p.m. on Fridays when it is uploaded to the mainframe for processing. New file maintenance records are available for retrieval later that night. Balance verification and posting notices

are available for retrieval the following Monday night.

M. Data Retention

Data is available from TRIP for only a specified length of time. Do not rely on TRIP to be a permanent source of your agency's information. You must regularly print or download these records.

N. Appeal Rights

No later than five days after certification, the county or municipality must notify the debtor in writing of the certification of the debt to DOR. This notification shall include the basis of the certification and the debtor's right to appeal, if any. Notification prior to certification, while not required, is encouraged.

DOR does not handle any appeal arising from this notification. Appeals must be handled at the county or municipality level.

Any legal action contesting the interception shall be brought against the county or municipality, not DOR.

O. Debtor Notification

The following is an example of a form letter that could be used to notify debtors of certification:

date

name

address

Notice Of Intent To Certify Debt

Pursuant to section 71.935 Wisconsin Statutes, you are hereby notified that ***county or municipality (C/M)*** has certified to the Wisconsin Department of Revenue (DOR) that you are indebted to ***C/M*** for ***source of debt***, as follows:

DATE ISSUED

AMOUNT

LEGAL COSTS

SUB TOTAL

LESS PAYMENT

TOTAL DUE

The purpose of the certification is to make a claim for the total due ***C/M*** against refunds or overpayments owed you by DOR. If your debt is not settled by the time you file your Wisconsin State Income Tax return, all or part of your refund may be intercepted to pay your debt. Any remaining amount that is due to you will be delayed an additional 4-8 weeks on top of normal processing time. The debt will remain certified to DOR until it is paid in full.

You have the right to appeal this action.

An appeal must be submitted in writing, must state the specific grounds for objection, and must be postmarked or received within ***number of days*** after mailing date of this notice at ***address and physical location for appeals***.

Sincerely,

**WISCONSIN DEPARTMENT OF REVENUE
COUNTY AND MUNICIPAL AGREEMENT FOR
TAX REFUND INTERCEPTION**

This agreement is to effect the interception of tax refunds and refundable credits, as provided in sec. 71.935, Wis. Stats., against county and municipal debts when those refunds exceed the debtor's Wisconsin tax liability, any other liability owed the Wisconsin Department of Revenue (DOR) or any other debts certified for intercept by other state agencies as provided under sec. 71.93, Wis. Stat.

The following provisions apply:

1. The debt must be a minimum of \$20 consisting of unpaid parking tickets for which there was no court appearance by the date specified or, if no court date was specified, that is unpaid for at least 28 days, fines, fees, restitutions, forfeitures, any debt that has been reduced to a judgment, or any other debt provided the debtor has been given notice of the debt and the opportunity to be heard, including debt related to property taxes.
2. The certifying county or municipality must provide the individual debtor's name, and either the social security number, federal identification number or operator's license number of the debtor to DOR.
3. Information as to each debt must be furnished in an electronic format prescribed by DOR.
4. The certifying county or municipality will notify the debtor, in writing, within five days of its certification of the debt to DOR. Notification shall include the basis of the certification and the debtor's right to appeal.
5. The county or municipality is responsible for any appeal or legal action contesting the interception.
6. The debtor information will be edited and compared to the department's history file. Notification will be given to the county or municipality whether the data was accepted or rejected. If the data is accepted by DOR, the debt number for each debt accepted will be transmitted to the county or municipality.
7. When a refund or refundable credit becomes available for interception, the county or municipality will be notified of the current balance shown on the debtor's account. The county or municipality will have five working days to notify DOR of any changes to that balance.
8. The full amount of refunds intercepted will be sent to the county or municipality weekly.
9. Quarterly, the county or municipality will receive a settlement report from DOR that summarizes the financial activity for the agency's account for the previous calendar quarter.
10. If an interception is posted to a debt and it is later determined that the interception was in excess of the debt, it is the county's or the municipality's responsibility to refund the excess amount to the debtor, including the administrative fee.
11. If a refund or refundable credit is determined to be in error or is otherwise adjusted after posting to a debt, DOR may reverse the credit with that county or municipality.
12. Correspondence and telephone inquiries received for any debtor relative to debts certified will be forwarded to the county or municipality for response. It is the responsibility of the county or municipality to provide a contact person and phone number to handle these inquiries in a timely fashion.

13. The county or municipality agrees to maintain the confidentiality of all accounts, correspondence, documents and any other related information, which may be obtained from or furnished by DOR. Any unauthorized use or disclosure of such information, or inadequate procedures for safeguarding the confidentiality of such information, constitutes grounds for immediate termination of this agreement.
14. The Secretary of Revenue shall be the final authority in the resolution of any disputes in regard to certification of debts.
15. A county or municipality may withdraw from this tax intercept program upon 60 days advance written notice to DOR.

Agency Name _____

Authorized representative (print) _____

Signature _____

Phone Number _____

Date _____

I hereby attest that I am the person responsible for authorizing my agency's participation in DOR's Refund Interception Program

Agency Information

Please provide the following information after reading the instructions on page 11. You must also obtain a Web Access Management System (WAMS) ID to exchange debtor information with DOR. If you have any questions about this process, please contact the Refund Interception Coordinator at (608) 266-8517.

This application is on behalf of (circle one): county city village town

SECTION 1 -- AGENCY INFORMATION

1. Agency Name _____

2. Contact Name for Debtor Inquiries _____

3. Phone Number --

4. Balance Verification ☐ (required) ☐ (not required)

SECTION 2 -- AGENCY ADDRESS

5. Contact Name _____

6. Phone Number --

7. Fax Number --

8. Mailing Address _____

9. City _____ State _____ Zip -

10. E-Mail Address _____

SECTION 3 -- CHECK ADDRESS (if different than above)

11. Contact Name _____

12. Phone Number --

13. Mailing Address _____

14. City _____ State _____ Zip -

SECTION 4 -- SETTLEMENT REPORT ADDRESS (if different than above)

15. Contact Name _____

16. Phone Number --

17. Fax Number --

18. Mailing Address _____

19. City _____ State _____ Zip -

20. E-Mail Address _____

SECTION 5 -- DEPARTMENT OF REVENUE USE ONLY

Date Received: _____ ID Number Assigned: _____

INSTRUCTIONS

- Line 1 (Agency Name): Provide the name of the county/city/village/town agency that is enrolling in the program.
- Line 2 (Contact Name for Debtor Inquiries): Provide the name of the person that debtors are to call with questions regarding the debt. A position name (e.g., receptionist, collections specialist, etc.) may be substituted in place of a person's name.
- Line 3 (Phone Number): Provide the phone number for the debtor contact (above).
- Line 4 (Balance Verification): Indicate whether the agency requires notification of potential refund interceptions prior to posting.
- Line 5 (Contact Name): Provide a contact name for the agency listed in Line 1 (above).
- Line 6 (Phone Number): Provide the phone number of the person listed in Line 8 (above).
- Line 7 (Fax Number): Provide the fax number of the person listed in Line 8 (above).
- Lines 8 – 9 (Mailing Address): Provide the mailing address of the agency listed in Line 1 (above).
- Line 10 (E-Mail Address): Provide the E-Mail address of the person listed in Line 8 (above).
- Lines 11 – 14 (Check Address Information): Provide the information in this section if different than Agency Address information.
- Lines 15 – 20 (Settlement Report Information): Provide the information in this section if different than Agency Address information or Check Address information.

Mail Completed Form (pgs. 7 – 10) to:

Wisconsin Department of Revenue
Attn: Fred Bahr
P. O. Box 8901
Madison, WI 53708-8901